

ISSUES

The Crypto Awakening Continued In 2020... And There's More to Come in 2021

By Matt McCall and Charlie Shrem December 11, 2020

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It's been a pretty wild month for the cryptocurrency sector.

In only 30 days, bitcoin hit a new all-time high and suffered two corrections of at least 10%. Even so, the overall action in the cryptocurrency world the last month has been – in a word – constructive.

Bitcoin pulled back again this week, but importantly it held at a much higher level than the previous correction. On a technical reading, this suggests the world's largest and most important coin is on the verge of a major breakout.



This is exactly what we've been expecting. We believe bitcoin \$20k is right around the corner as the great awakening continues. And once that important technical and psychological level is broken, we expect a large rally will ensue.

Even more exciting will be the rally in altcoins that typically follows a bitcoin breakout – like the ones in our portfolio. And with the recent pullback, we expect to take advantage of lower prices to add at least one more altcoin very soon.

The Year of Big Names and Big Money

As we head into a new year, let's look back at some of the pivotal steps forward in cryptocurrencies in 2020 – steps that continue to reinforce our incredibly bullish outlook.

Overall, it's amazing how bitcoin and altcoins have become more mainstream. But at the same time, it's still very early on in the adoption of digital currencies and a bit like the Wild West. That's exciting, too, as long as you avoid the dangers.

One of the year's biggest developments was the new breed of payment processors (like Square and PayPal) moving headfirst into cryptocurrencies and seeing positive results. During its third-quarter earnings report, Square said that revenue from bitcoin soared 11X over the prior year with gross profit up 15X.

Big-name investors like Bill Miller, Stanley Druckenmiller, Paul Tudor Jones, and more fund managers also moved into cryptocurrencies.

And big investment firms followed suit. AllianceBernstein recommended allocating money to bitcoin. Guggenheim filed with the SEC to put up to 10% of its \$5.3 billion Macro Fund portfolio into bitcoin.

Then there is the manager of the world's largest hedge fund, Ray Dalio, who finally admitted that he "might be missing something" when it comes to bitcoin. (No comment.)

Blackrock, the largest money manager in the world, said that bitcoin could replace gold. Just think about that for a second. Gold is valued at \$10 trillion and bitcoin just \$340 billion. Talk about growth potential!

We would also mention an overlooked result in Wyoming's Senate election. Not only will Cynthia Lummis be the first woman to represent Wyoming in the Senate, she is a major backer of bitcoin. She even said one of her goals is to help her fellow members of Congress understand the cryptocurrency. We would love her to be successful, but we know that politicians are often not the fastest to catch on. Still, we wish her luck!

A lot of the big news in the last year has focused on bitcoin. But here in *Crypto Investor Network*, we're investing in altcoins. That's because they are the next step in the progression to widespread adoption of the blockchain and cryptocurrencies. First, the big names wake up to bitcoin's value and potential. And then they realize that a lot of the altcoins are just as impressive if not better than bitcoin.

The key to making money off this massive trend is to invest early. That's why you want to own altcoins now and stay patient for what should be a major payoff in the years ahead. We also want to keep adding the strongest and best altcoins with big potential, especially on pullbacks. We expect to do that soon and will be in touch when it's time for our next buy, which we expect to be very soon.

In the meantime, let's check in on our current coins.

Updates On Our Recommended Coins

Electroneum ([ETN](#)) recently celebrated its third anniversary in November. It did so with 4.1 million users who have completed millions of blockchain transactions. The user base continues to grow, and the company's crypto-focused freelancing platform is really taking off.

The platform is called AnyTask, and it allows those without banks to take part in the digital economy – basically selling digital services online. AnyTask is the first freelance platform where sellers do not need a bank account. They receive payment in ETN via the blockchain and their smartphone.

AnyTask launched earlier this year and has quickly grown to 572,000 registered users and more than 14,000 active sellers who have listed 25,000 different tasks across multiple categories, like design, marketing, photography, and more.

In fact, you may even see television advertisements for AnyTask in the near future. Electroneum announced that it's starting a major TV ad campaign at the end of this month to introduce U.S. business owners to the platform.

In other big news, a major South Korean cryptocurrency platform added Electroneum to its wallet app on November 27. Its addition to MeconCash provides ETN users with access to more than 13,5000 ATMs across South Korea.

ETN has pulled back recently with other coins but is about 3% higher than a month ago. **It remains a good buy up to \$0.0055.**

Polkadot (DOT) allows different blockchains to “talk” to one another while still maintaining their independence. The meta-protocol platform empowers builders with the tools needed to make Web3 and the Trust Economy a reality.

Last week, the Polkadot community held its inaugural Polkadot Decoded event, where leaders broke down key features and use cases, talked about their road map and goals, and engaged with the growing community. In a fireside chat at the event, founder Gavin Wood stated that he believes the blockchain ecosystem is large enough to support both Polkadot and Ethereum. He reiterated that Polkadot is focused on being the “networks of networks” by facilitating “bridging and connectivity.” This should drive increasing adoption as those are the two key factors that drive creation of a more fluid ecosystem.

Polkadot also announced a couple of big partnerships. One is with Huobi Global, which pledged \$5 million from its Innovation Lab to support “developers, event organizers, content creators, and ambassadors” throughout the Polkadot ecosystem. Huobi Global is incorporated in the Republic of Seychelles, and this deal indicates that the exchange there is priming to become a big player in Polkadot.

The other partnership is a new Decentralized Finance (DeFi) Alliance with Chainlink, which aims to provide a platform for their communities to discuss using Polkadot and its underlying Substrate component. Chainlink is the 7th-largest coin, and its Global

Head of Business Development said the project is “excited to help steer the direction of Polkadot’s growing ecosystem of decentralized financial applications.”

After topping \$6 in late November, DOT has pulled back under \$5. It has gained about 2% in the last month. **DOT is a good buy whenever it’s under our \$6 limit.**

Tron (TRX) is the world’s fastest growing public blockchain decentralized protocol. It continues solid user-acquisition growth, with the network having recently surpassed 15 million. The crypto made headlines this month by announcing a partnership with Chinese communications giant Huawei – yes, the one that’s in the news a lot. Together, the companies will launch a BitTorrent file sharing app, and Huawei will add all four variations of the app to its AppGallery app store.

This deal allows Tron to take another step toward bringing crypto-powered applications mainstream, as it opens the BitTorrent user base to billions of people. Huawei dominates the Chinese smartphone market and has the largest market share in the Asian smartphone industry.

Separately, Tron founder and CEO Justin Sun made an interesting comparison recently – likening Ethereum to the iPhone and Tron to the Android. In a series of tweets, Sun said that like Apple, Ethereum caters to the high-end consumer and has more brand recognition. But like Android, Tron is focused on the value-conscious consumer and scalability.

Don’t get too hung up on that comparison. The most important takeaway is that it puts us in a great place in terms of long-term growth. **Buy TRX up to \$0.03.**

Uniswap (UNI), the former leading Ethereum-based decentralized exchange, has had a difficult month. Even so, our long-term outlook remains bullish.

Uniswap’s liquidity has dropped more than 60% since the end of its initial liquidity mining rewards program after its first governance call failed to reach a clear resolution and plan. But it’s good to see trading volume remain steady in the meantime. The crypto saw more than \$10 billion in volume over the last month while its clone, SushiSwap, traded \$1.4 billion over the same period. This shows the coin’s strong sense of community and brand loyalty.

Hayden Adams, Uniswap's founder and CEO, recently spoke with Yahoo Finance to discuss both himself and the rise of the crypto. He said that his goal is for Uniswap to dethrone Binance as the top crypto exchange by volume sometime next year. That's a tall order – it would require a 10-fold increase in volume – but it would be an incredible feat for the coin.

With plenty of long-term upside ahead, **continue to buy UNI below \$6.**

Ask Charlie: What Would a Bitcoin ETF Mean for the Market?

The crypto world is fixated on the potential for a bitcoin exchange-traded fund (ETF). Many speculators, experts, and enthusiasts say that such an ETF could spark the next major bitcoin rally.

Well, they're right... and they're also very wrong.

Over the last few years, SPACs (Special Purpose Acquisition Companies) and businesses like MicroStrategy have created a backdoor for a bitcoin ETF. A few months ago, the software business became the first publicly traded company to move almost all the cash on its balance sheet into bitcoin instead of U.S. dollars. And just this week, the company announced a debt offering specifically to buy more bitcoin with the proceeds. That makes it a bitcoin proxy and what some are calling a de facto bitcoin ETF.

But whether a bitcoin ETF would be backed with cash or actual bitcoins makes all the difference between an ETF being a good or bad thing for the bitcoin market. So, let me explain...

Physical Bitcoin ETFs

The bitcoin ETF that garnered the most attention in 2018 was the VanEck SolidX Bitcoin Trust, perhaps because it is backed by actual bitcoins rather than cash. That makes it a physical ETF.

Despite 1,400 favorable comments from the public, the SEC has repeatedly delayed its decision on the ETF, and it seems possible that it will eventually be rejected. In fact, numerous bitcoin ETF applications have been sent to the SEC... and all have been rejected.

If a physical bitcoin ETF like the VanEck SolidX Bitcoin Trust were approved, it would be a good thing for the bitcoin market. Since a physical bitcoin ETF is backed by actual coins rather than cash, bitcoin's spot demand and spot price would increase when people invest in it.

This effect could be quite significant since a physical bitcoin ETF approved by the SEC would be available on major stock exchanges and make it easy for stock, bond, and precious metals investors to diversify a percentage of their portfolios into bitcoin.

Considering that there are tens of trillions of dollars in the global financial markets, even a tiny percentage of portfolios being diversified into bitcoin via a physical bitcoin ETF could cause a major bitcoin rally.

Cash-Backed Bitcoin ETFs

The “evil” cousin of a physical bitcoin ETF is a cash-backed bitcoin ETF – such as the Direxion, Proshares, and Graniteshares ETFs that were rejected by the SEC in August 2019. While several crypto news outlets painted this as negative news at the time, it was actually positive news.

I call cash-backed bitcoin ETFs evil because they could be catastrophic to the bitcoin market, especially if one is approved before a physical bitcoin ETF is approved. Cash-backed bitcoin ETFs essentially print paper bitcoins, which artificially inflates bitcoin's supply and applies downward pressure on spot price. This is similar to how the bitcoin futures on the Chicago Mercantile Exchange (CME) are cash-settled paper bitcoins, too, and they've been catastrophic for the market.

A more direct impact of a cash-backed bitcoin ETF is that it would divert investment away from the spot markets. There could be tremendous capital invested in a cash-backed bitcoin ETF and it would do absolutely nothing to increase bitcoin's price. It would actually cause its price to fall over the long term since investors would buy the cash-backed bitcoin ETF instead of actual bitcoins.

Bottom Line: A bitcoin ETF is a double-edged sword, depending on its type. A physical bitcoin ETF could be quite beneficial for the market, while a cash-backed bitcoin ETF could be poison.

This is something that crypto investors, traders, speculators, and enthusiasts alike must be aware of when commenting on such ETFs to the SEC or interpreting news about them.

Wishing You the Best

We started *Crypto Investor Network* in the later part of this year, but that doesn't matter. We're still very early in bitcoin's awakening and the explosion of wealth to be created in the altcoin market.

As we wrap up this last issue of 2020, we want to thank you for joining us and wish you a happy holiday season and New Year. This past year has been wild to say the least – in so many ways. But we got through it, and now we are ready for 2021.

We could not be more excited about the massive growth potential in the cryptocurrency market in the next 12 months and beyond and the altcoins we're investing in. Stay tuned, as we expect to take advantage of a buying opportunity or two very soon.

Here's to a happy, healthy, and profitable 2021!

Sincerely,



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